

**Food Security in Haiti:  
A Case Study  
Comparing the Food  
Security Frameworks  
of the Haitian  
Government, the  
European Commission  
and the U.S. Agency  
for International  
Development**

Final Report

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**Food Security in Haiti:  
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Food Security Collaboration

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## I. Executive Summary

Donor coordination between the United States Agency for International Development (USAID) and the European Commission (EC) in Haiti displays a high degree of complementarity in most programmatic areas related to food security, but new vitality could achieve gains in policy coherence. Significant room for improvement in coordination exists, although the most sensitive areas touch at deep differences in philosophical belief about the role of government in promoting agricultural development.

A principal area of convergence between these two donors involves the use of a common analytical agenda for addressing food security. The importance of this food security framework, comprised of access, availability and utilization, neatly frames the donors' respective visions and permits fruitful discussion using a common set of concepts and terms. Haiti's National Coordination for Food Security (*Coordination Nationale de la Sécurité Alimentaire*, or CNSA) also ascribes to this same food security framework. These three actors share a common diagnosis of poverty as the leading cause of food insecurity, which results in a lack of economic access to food.

The two donor sides share similar goals and objectives, utilizing a common analytical framework for identification of the causes of food insecurity. Although there exist differences in terms of the importance each side accords to problems of domestic production versus food access, these are well understood by both sides, which helps to minimize conflicts. To date, coordination is better characterized by the information exchange between the U.S. and the EU and a common search for partners among the public, private and civil society sectors in Haiti. U.S.-EU coordination on food security in Haiti scores well on complementarity but less well on synergy.

U.S.-EU coordination on food aid and food security in Haiti involves a geographic division of labor and efforts for helping the other donor understand the nuances of the different approaches to policy. In many policy domains, there is a tacit division of labor between the U.S. and the EU. For example, the U.S. emphasizes market-based solutions to food security, working primarily with the private sector to bolster Haitians' capacity to purchase food. On the other hand, the EU, through direct financial assistance to the ministries of education, health and agriculture, has a leading role in building public sector institutions, in the hope that someday the Haitian government will be able to effectively perform many of the functions currently provided by donors.

Other areas of convergence include: a genuine willingness on both the U.S. and EU sides to coordinate and collaborate more closely; similar programs to reduce the transaction costs for food marketing through road-building; an effective geographic division of labor in school feeding and other programs; a shared strong belief in the role of agricultural productivity in food security; and mutual recognition that their differences, whether on the definition and primacy of monetization or on which sectors to focus agricultural development policy reform, can be complementary rather than conflicting.

The most critical area of divergence between the U.S. and EU in Haiti involves the best way of ensuring availability of food, the second plank of the common food security framework. The “cheap food policy” that Haiti has followed for about a decade, based on low tariffs and limited internal price controls, is in line with the U.S. view that *food availability* is more easily achievable through low-cost imports than through greater *food self-sufficiency* attained by higher-cost domestic production. From the EU perspective, Haiti needs to develop its productive capacity or else it will remain at the mercy of international markets. This conflict on the question of import duties crystallizes the differences of opinion between the U.S. and the EU on the importance of food production for rural development and rural food security. On this key topic, there are different points of view reigning within the Government of Haiti. One part, including the CNSA, shares the EU viewpoint. Another segment, with a greater political weight, is in favor of providing for the lowest cost food possible. This latter segment generally have connections with the private sector, including food importers.

For the most part, this philosophical disagreement does not hamper U.S.-EU coordination, as there is a division of labor in effect for agricultural development programs. The U.S. is active in promoting sustainable development of exportable tree crops in hillside areas where poverty and food insecurity are most severe, and where the best potential for increasing export earnings lies. The EU package of interventions includes support for agricultural production structures (small-holder credit, input subsidies, and rehabilitation of irrigation systems) in the low-lying valleys of Haiti, where staple crops such as corn, rice and beans are grown. Both sides see agricultural productivity as a priority area for intervention.

The divergence in interests becomes unusually stark on the sensitive topic of support for rice production and rice tariffs. About two-thirds of rice consumed in Haiti is imported, with U.S. and Vietnamese rice coming in primarily as commercial imports. Haiti represents the tenth largest export market for U.S. rice. The EU supports production structures for rice, with an annual subsidy totaling an estimated 15 ECU per ton produced. The EU also supports raising the tariff on rice from 3 percent to 5 percent, with the desire to provide a minimum of protection for domestic Haitian production. The U.S. favors reducing the tariff on rice to zero. These divergences create a dynamic wherein the EU approach (increasing domestic output), besides raising the price of food for the poorest, may reduce U.S. rice exports to Haiti. While this ongoing dispute related to rice does not seem to hamper either side’s efforts at improving food security in Haiti, there is a lingering sense of unease. Through a joint study, the U.S. and the EU might be able to agree that improving food security should involve both higher imports of rice and higher domestic production, which accords with recent trends. Arriving at that type of win-win result would remove the most nagging barrier to better U.S.-EU coordination.

Other areas of divergence relate to: closer involvement of Haiti’s public sector to which the EU provides direct financial support, versus private sector development (the U.S. approach); potentially different orientations regarding Haiti’s entrance into the Caribbean Common Market (CARICOM), with the U.S. concerned about the effect of imposing higher tariffs on Haiti’s poorest and most food insecure populations; and the relative merits of in-kind food aid, long the primary instrument for U.S. programs, but which the EU has largely replaced with cash transfers.

This report makes seven recommendations for joint action by the U.S. and the EU in order to improve their coordination on food security in Haiti:

- 1) Participate in the re-drafting of Haiti's National Food Security Plan (NFSP), promoting effective civil sector participation both at the communal and national level with the ensemble of the actors concerned, not solely NGOs. In particular, the U.S. and the EU should, to the extent possible, program their own food aid and food security activities within the framework of the NFSP.
- 2) Help the CNSA to identify and implement key studies on food security in order to share conclusions with all actors at an annual seminar on food security in Haiti along the lines of that held in March 2000. Addressing a rotating series of topics, this seminar would quickly become the focal point for coordination among the donors, the sectoral ministries of the GOH, and civil society.
- 3) Strengthen the institutional character of the CNSA, in particular its mandate for a leadership role in relation to the sectoral ministries, by insisting on the necessity for the Parliament to officially recognize the CNSA as the responsible coordinating body. The donors should help strengthen CNSA's capacity to involve civil society in the formulation and enactment of food security policies.
- 4) Undertake a CNSA/EU/US study on on-farm and off-farm income in the rural sector. The efforts underway to organize a MECOVI study should be supported by all sides.
- 5) Revisit the role of food self-sufficiency in ensuring food availability, particularly in relation to rice. Important work in this area has already been accomplished, through an EU financed study, but a joint approach to examining those findings should gauge alternative policy choices under different conditions for yield, world price, and exchange rates.
- 6) Undertake a joint U.S.-EU study of the implications for food security of different Haitian policy alternatives in light of full integration with CARICOM.
- 7) Orient U.S. and EU actions in support of greater food security in Haiti around the Poverty Reduction Strategy Paper (PRSP) being developed by the IMF and the World Bank.
- 8) The U.S. and the EU should study several ideas arising from the March 2000 CNSA/RESAL seminar related to school feeding programs: the correlation between the sanitary and nutritional situation of the students and their academic performance; various alternative modalities, such as providing a meal every day to the family, or monthly rations based on the child's school attendance; the benefits of a standard ration for school feeding programs; the impact of school feeding on household budgets; and the role of school feeding in the demand for education services, particularly as a means of enrolling the 35 percent of school-age children who remain outside the educational system. Of prime importance is a clearer establishment of the role and responsibilities of the the new Haitian government entity, the National Program for School Feeding (*Programme National de Cantines Scolaires*, or PNCS).

Annex A contains a series of other suggestions made by those consulted for the study.

## **II. Background Discussion**

### ***On Culture, Geography, and More***

The U.S. and the EU come from different starting points in their relations with Haiti, all of which form part of the background to comparing U.S. and EU policies and approaches on food aid and food security. In many ways, Haiti is at an intersection between Europe and North America. Whereas the EU Member States include France, the country from which Haiti attained independence nearly 200 years ago, the U.S. military intervened on the island several times during the 20<sup>th</sup> century, most recently in October 1994 in order to restore the democratically-elected constitutional authority.

While there are substantial portions of the Haitian diaspora in both the U.S. and Europe, the proximity of Haiti to U.S. shores has led to recurrent periods of illegal immigration via dangerous passage by overcrowded boats from Haiti's Northwest region. Many believe that a principal reason for the most recent U.S.-led invasion by forces from the member countries of the Organization for American States, aside from the steadfast U.S. support for participatory democracy and good governance all over the world, was to halt or at least diminish the exodus of these Haitian "boat people."

As a French-speaking nation, Haiti has linguistic and cultural ties with the francophone countries of Europe.<sup>1</sup> While there are definite cultural ties with the U.S. as well, there is also the perception among many Haitians that U.S. policies towards Haiti exhibit a certain degree of racism, whether intended or unintended. One Haitian in civil society cited as an example the differences in place for many years between U.S. immigration policy on socialist Cuba (until recently, boat people fleeing Cuba were permitted to stay in the U.S.) and its close neighbor Haiti (where the boat people get sent back, ostensibly for being black, poor, and with high rates of HIV infection).

Haiti is a member of the U.S. Caribbean Basin Initiative and of the EU's 4<sup>th</sup> Lomé Convention, and thus has preferential trading access into both markets. The most basic U.S. interests, based on geography, can differ in origin from those of Europe, based on ongoing cultural and business links from a distant colonial past. All of the above considerations, whether grounded in reality or simply the reigning perception, factor into the local context in which the U.S. and the EU endeavor to coordinate their activities in support of food security in Haiti. That local context is in and of itself very weak, since Haiti displays a strong bi-polarisation of society with weak participation in political structures by the citizenry (ADE, 1999).

### ***On Food Insecurity in Haiti***

Poverty in Haiti is the worst in the Western Hemisphere, seriously impairing the ability of Haiti's 8 million people to purchase sufficient food. Food insecurity is both a rural and an urban

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<sup>1</sup> Above all with France, but the Europeans working for RESAL on Haiti consist mainly of Belgians.

phenomenon. While there is not widespread starvation in Haiti, chronic malnutrition and lack of access to sufficient food affect broad segments of the population, impairing long-term human capacity.

About two-thirds of the population live in the countryside and more than three-quarters of the rural population lives below the poverty line. Two-thirds are unemployed and half are illiterate. Low productivity in agriculture cannot keep up with the rate of population growth.<sup>2</sup> Agriculture accounts for 30% of Haiti's GDP, employing two out of three economically active people. More than 30% of cultivated land is in marginal zones and erosion reduces the productive capacity. The agricultural sector suffers from a dearth of research and extension. Rural Haitians obtain more income from charcoal and wood sales than from crop and livestock activities.

Haiti's rural populations find themselves in the following desperate situation:

*The majority of the people in the countryside attempt to eke out a living from the deeply eroded slopes of the steep hills that cover much of Haiti. Their land is not large enough nor fertile enough for successful subsistence farming. Thus, food security cannot be achieved off the land. (USAID, 1998b).*

Haiti has the most pronounced urban primacy in the hemisphere, with the Port-au-Prince metropolitan area's estimated population of 1.8 million people in 2000 more than 15 times the size of the next largest city, Cap Haitien. Unable to support themselves on the land, the rural population migrates to the urban areas. Unemployment and underemployment contribute to the food insecurity of the urban dwellers.

In Haiti as elsewhere, the role of women in food security is particularly important as women are fundamental to food distribution within the family. Half of the working Haitian women are in agriculture, while a significant share of women's work is unpaid. The illiteracy rate of fifty percent for the population as a whole is likely even higher for women. A 1996 Demographic and Health Survey found that 36 percent of women had no education, compared with 25 percent of men in Haiti (DHS+, 1996).

Children may be the population most hurt by food insecurity in Haiti, with clear linkages to poor health and sanitation conditions. One in three Haitian children suffer malnutrition. One in eight will die before the age of five. Half the children under five have been stunted by malnutrition. Furthermore, about 8,500 children and adolescents in Haiti are infected with HIV (RESAL/Haiti, 2000). Education about food utilization, including safe handling and maternal education, is particularly important for the proper biological utilization of food. About one-third of school-age children do not attend school. Of those that do, 17 percent are above-age for their class, only 50 percent reach the end of 6 years of school, and only 29 percent receive the *Certificat d'Etudes* (high school equivalent).

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<sup>2</sup> The population growth rate for the period 2000-2005 is estimated at 2.08 percent, with the urban population growing 3.8 percent and the rural 1.03 percent annually (IHESI, 2000). Factors slowing population growth in Haiti include donor population programs, emigration, and a reported 50,000 deaths per year due to AIDS.

Finally, the political situation in Haiti has also contributed to food insecurity. At the time of writing, the government in Haiti was exercising little decision-making authority with respect to food security policy. The parliament had been dissolved for more than a year and the caretaker government featured ministers covering more than one portfolio. There are no government stocks of food, whether to regulate prices to farmers and consumers or in case of food emergencies.

Domestic agricultural production in Haiti only meets about half of the rapidly growing population's food needs. Overall, the "food deficit," as estimated by RESAL, is on the order of 19 percent of domestic food needs in a normal year. In comparison, a recommended diet of 2,000 calories per person per day, the combination of domestic production, commercial imports and food aid is only able to supply about 1,620 calories (not adjusted for age structure). Rice and wheat/wheat flour account for about one-third of the Haitian diet and are predominantly imported. In-kind donations of food aid account for about 6 percent of Haiti's food needs.

An important aspect of food security in Haiti, particularly for U.S.-EU coordination, relates to the "cheap food policy" which the GOH has operated since 1991. Characterized by free market prices and relatively low tariffs, it offers obvious benefits for consumers but may at times heighten competition for Haiti's farmers, particularly those producing corn, rice, and beans. The 1996 structural adjustment agreement with the IMF foresaw a simplified tariff regime (10-5-0) with a reduction of the maximum tariff from 15% to 10%. A proposed tariff law, long delayed due to the absence of a parliament, would increase the tariff on rice and sugar from 3 percent to 5 percent and on wheat flour from 0 to 5 percent. It would decrease the tariff on corn from 15 percent to 5 percent. It is estimated that this proposed law would have only a weak effect on agricultural output, boosting production of rice and sugar, but lowering output of corn (IRAM, 1998).

One of the biggest constraints facing the improvement of food security in Haiti is the very poor conditions of Haiti's roads. RESAL notes, "the improvement of transportation represents a considerable element of food security, given its potential impact on the reduction of the cost of food and/or the mobilisation of foods towards food deficit areas" (RESAL/Haiti, 1998).

Better roads could provide a sustainable economic link to rural areas, reducing the migration from rural to urban areas and the emigration from Haiti to countries with greater economic opportunity. In Haiti's rural areas, more than half of the poor agricultural households sell their labor off the farm as a strategy to diversify their sources of income.

### **III. A Common Food Security Framework**

*Food security exists when all peoples at all times have physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life (U.S. Position Paper Prepared for the World Food Summit, July 1996).*

*Food insecurity in Haiti is a complex phenomenon explained by numerous structural factors but amplified for certain vulnerable populations by temporary factors. In order of importance: capacity for access to food, of food markets and food availability (RESAL/Haiti, 1998).*

The U.S., the EU, and the CNSA rely on a common conceptual definition for food security in Haiti, composed of three elements: access, availability, and utilization. The basic terms and concepts show little variation between the three sides, although there are some differences in emphasis, particularly regarding availability.

## **Availability**

Food availability is achieved when significant quantities of food are consistently available to all individuals within a country. Such food can be supplied through household production, other domestic output, commercial imports or food assistance. As elsewhere, it is important to consider availability in time and space, referring to seasonality and geography.

Availability is the one part of the food security framework where there are some important differences between the U.S. and the EU. The U.S. seeks to ensure availability through a combination of increasing agricultural productivity and the “cheap food policy” derived from low tariffs. The EU, while accepting that imports are an essential part of food security for Haiti, places a much greater emphasis on boosting national production of food staples such as rice, corn and beans. The rural-urban income gap could be reduced, according to the EU, by higher prices for food.

A key Haitian public sector official noted that Haiti comes down on the side of the Europeans regarding availability, saying “Our disagreement with the U.S. is on the *weight* to be accorded to national production in the framework of availability.”

All sides, though, can agree that increased agricultural productivity is a critical element to improving food security in Haiti. As USAID’s *Food Aid and Food Security Policy Paper* notes, “Agricultural productivity includes measures across the entire spectrum of the food system which reduce costs in real terms and increase incomes [...] there is real potential for expanding the incomes of the poor if ways can be found to improve their productivity both on and off the farm” (USAID, 1995). For USAID/Haiti, this often involves reducing the transactional cost of agricultural production and marketing. As RESAL puts it, “Increased productivity will come from migration out of agriculture, *remembrement*,<sup>3</sup> and reorientation of production towards comparative advantage of sectors and of certain *filières* such as cut flowers and fresh fruits” (RESAL/Haiti, 1998).

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<sup>3</sup> *Remembrement*, known in English as land consolidation or defragmentation, refers to the bringing together of disparate parcels of land so that farmers may realize economies of scale. Widely practiced in France after World War II, it is needed in Haiti in order to address land inheritance systems that divide up family holdings among all the children.

## **Access**

Food access is ensured when households and all individuals within them have adequate resources to obtain appropriate foods for a nutritious diet. Access depends upon income available to the household, on the distribution of income within the household, and on the price of food. Other factors include wealth in assets, entitlement to aid, charity and own capacity to grow food.

RESAL's analysis of food insecurity in Haiti states that: "The food deficit is above all a reflection of the weak purchasing power of the poorest populations." That very weak purchasing power in Haiti is evidenced by the 70-percent share of food in household expenditure (RESAL/Haiti, 1998). The U.S. analysis is very similar as well, citing poverty (or lack of economic access) as the main cause of food insecurity in Haiti.

An interesting nuance regarding access is the role played by the millions-strong Haitian diaspora, which serves as a security blanket, because they can "provide a flow of funds independent of production conditions" (RESAL/HAITI, 1998). It is estimated that financial transfers from Haitians living abroad amounts to \$400 to 600 million, more than double the level of international cooperation.

## **Utilization**

Biological utilization of food refers to the health dimensions which, if unfavorable, can severely handicap an individual's ability to maximize the nutritional benefits of food consumption. For a diet to provide sufficient energy and essential nutrients, the food must be sufficient and safe. Safe handling conditions require potable water and adequate sanitation. Effective food utilization depends in large measure on knowledge within the household of food storage and processing techniques, basic principles of nutrition, and child care.

Discussions with U.S., EU, and Haitian officials showed that there is a great deal of interest in a better understanding of how to improve the biological utilization of food in Haiti, and it was not readily apparent that there were profound differences in belief. Development of better and more comprehensive health indicators is one potential area for close coordination in the future.

Utilization can involve promoting the association of health services with food security programs, such as in nutrition centers or school feeding programs. Both the U.S. Title II and the EU's food security programs aim to integrate programming in food aid and health sectors. Both the U.S. and the EU operate programs aim to improve child survival, with the U.S. also seeking to reduce fecundity rates,

## IV. The Role of the Haitian Government and the CNSA

As for the Haitian government's specific views regarding food security, current Haitian President René Préval presented the National Action Plan for Food Security at the World Food Summit in November 1996. It conceived of food security in terms of the three familiar axes of availability, access and biological utilization of food, calling for integrated actions in different public and private spheres. Note that the Haitian conception of the food security framework elevates availability from second to first in the order of the component elements. This gets at the heart of one of the few areas of disagreement between the U.S. and the EU. RESAL reported, in its initial diagnostic of food security in Haiti, that the GOH priorities for food security were intensification of food crops (increasing availability) and the development of exports (increasing economic access to food, whether domestic or imported). RESAL also noted a key food security goal of Haiti's agriculture ministry to be the reduction of food imports (RESAL/Haiti, 1998).<sup>4</sup> The EU and GOH approach recognizes the need for food imports, but seeks to develop a more effective national agricultural sector in order to provide work for a majority of the population and a security blanket in times of economic or climatic distress.

### ***The National Coordination for Food Security (CNSA)***

The CNSA was created in 1996 with the essential mission to bring about the harmonization and integration of sectoral policies aiming at food security and coordinating the ensemble of interventions in food security (CNSA, 1999b). Shortly thereafter, in June 1996, CNSA elaborated the Food and Nutrition Security Plan. The plan, which failed to incorporate civil society, was never approved, but nonetheless forms the basis for the National Action Plan described above.

CNSA aims to operate at three levels:

- ✍ At the decision-making level, CNSA works with five sectoral ministries (Agriculture, Health, Planning, Finance, and Trade) which make up the Interministerial Committee for Food Security (*Comité Interministeriel de la Sécurité Alimentaire*, or CISA). CISA is the body responsible for overseeing the work of the CNSA, and therefore key to all national and donor efforts to improve food security. However, the CISA meets too infrequently (if at all) and has failed to fulfill its function. Recommendation Number One in Section XV is for the U.S. and the EU to strongly encourage the establishment of an effective CISA.
- ✍ At the technical level, the Technical Support Bureau for Food Security (*Bureau Technique d'Appui à la Sécurité Alimentaire*) constitutes the executive and technical expertise of the CNSA. It has three full-time Haitian professionals, including the highly capable director. It also has a commitment of one-third of the time of an official from the Delegation of the

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<sup>4</sup> The reasoning behind this probably being that prices for domestic production would rise, boosting profitability and output for Haiti's farmers. Whether reducing food imports would actually improve food security is debatable, particularly in the short-term.

European Commission. RESAL's activities are often closely programmed with those of CNSA.

- ✍ At the consultative level, a Consultative Commission is comprised of civil society representatives (producers, importers, traders, NGOs, socio-professional associations, and donors). Much like the CISA, the Consultative Commission does not seem to be active to any useful extent. This is potentially the forum in which the U.S., the EU and other actors involved in food security could meet under the direction of CNSA.

CNSA is not the GOH counterpart for the actual transfer of food aid. The Ministry of Planning fulfills that function. Government to government in-kind donations are consigned into the GOH through the Ministry of Commerce and Industry, with notification to the appropriate office of the Ministry of Planning. CNSA is rather an “instrument of expertise for all” reflecting “common interests.”

As an FAO official put it, up until now, CNSA has been the rapporteur of the situation. In the absence of a parliament, CNSA operates without a firm legal status. It does not have a strong mandate for leading activities, in particular for influencing the mobilization of funds for food security programs. Asked about its mandate, one CNSA official described the mandate as “grounded in reality.”

The CNSA is primarily funded by 1.7 million ECU in budget support granted by the EU. CNSA works closely with RESAL on data collection and processing, as well as on specific studies and market analysis.

At the inception of CNSA, USAID provided financing to the organization. The support was discontinued for reasons that were difficult to determine, although that was the point in time when the Dole/Helms Amendment blocked direct U.S. financial support for the public sector in Haiti.<sup>5</sup> In recent years, USAID did finance a study evaluating the food-for-work programs for CNSA. The recommendations of the study, endorsed by CNSA, were to avoid food-for-work programs due to an improper incentive structure contributing to the poor functioning of existing programs. Given the need at times for programs to offer in-kind remuneration due to donors' constraints, the CNSA advises following specific criteria laid out in the report (CNSA, 1999a). When developing such recommendations for good practices, CNSA typically sends a *note de synthèse* to the main donors and intermediaries working in the sector.

Currently housed in the Ministry of Agriculture, CNSA has been able to most closely coordinate with that ministry. CNSA will soon move to a building of its own, which should reinforce the inter-sectoral nature of its work, but may end up isolating the organization altogether. Each sectoral ministry does delegate a staff member to coordinate with CNSA, splitting physical time in the office between CNSA and the home ministry. There is the impression, though, that these sectoral officials are not really “loaned” to CNSA and cannot be tasked with assignments.

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<sup>5</sup> As a result of the very poor state of governance and respect for human rights in Haiti, the U.S. passed legislation in the late 1990s known as the Dole/Helms Amendment, which prohibited direct financial assistance from the U.S. to the Haitian government. The provisions of the amendment expired at the beginning of 2000.

CNSA does not have offices at the regional level. Instead, it hopes that greater decentralization will prompt the emergence of groups such as the Round Table for Concertation in the Northwest (a group of local public and private partners dialoguing in a drought-prone region).

CNSA is attempting to develop a national information system for food security, bringing together information that is currently being collected and pointing to gaps yet to be filled. Once assembled, the CNSA food security information system would provide a focal point for building consensus among the groups active in Haiti's food and agriculture sectors. Still in its formative stage, the information system would, among other advantages, permit the ongoing monitoring of populations at risk (CNSA, 1999a). The four chapters and 14 summary categories of variables (each category has 5 or 6 component variables) are presented in Table 1:

**Table 1: Coverage in the Proposed National Information System for Food Security**

<u>Chapters</u>	<u>Categories</u>
I. Household income	1. Total household income 2. Non-agricultural income
II. Household expenditure	3. Food expenditures 4. Non-reducible non-food expenditure 5. Food prices
III. Food availability	6. Agricultural production 7. Stocks 8. Commercial imports 9. Exports 10. Food aid 11. Demographics
IV. Biological utilization	12. Availability of health services 13. Nutritional status 14. Hygiene and amenities

Recommendation Number One from this report supports this information system and envisions strong support from the U.S. and the EU for the institutionalization of the CNSA and development, maintenance and diffusion of the national information system for food security. Given the difficulty in collecting and measuring many of these variables, an emphasis should be on developing good indicators that are well correlated with consumption and nutrition variables, e.g., stocks of food on hand, market purchases the previous week, weight for height, etc.

## V. General Orientation of U.S. and EU Food Security Policies

### *The U.S.*

The overarching thrust of U.S. policy reflects the 1995 *Food Aid and Food Security Policy* paper promoting the integration of food aid with other USAID assistance resources and the use of monetization proceeds to complement activities aimed at enhancing agricultural productivity and improving household nutrition. For the U.S., “hunger and food insecurity contribute to political instability, exacerbate environmental degradation, create migration pressures and displaced populations and prevent sustainable development...ultimately affect[ing] our own basic interests as a nation” (USAID, 1995).

The U.S. has run food aid programs in Haiti for nearly 50 years, these days built around the criterion to target the most vulnerable and food-insecure populations. The 1997 *USAID Strategy to Improve Food Security in Haiti* notes that “Haiti’s food insecurity is more than anything else a question of poverty” and that “the root cause of poverty in Haiti is low labor productivity” (USAID, 1997). In order to improve labor productivity, USAID should engage in policies and programs that: a) attract investment and generate jobs, and b) improve the quality of education, especially primary education.

The food security strategy paper puts forward a clear point of view regarding food aid and food self-sufficiency:

*The important question concerning **food aid** is not when food donations can begin to be replaced with domestic production, but when the economy will develop sufficiently so that concessional imports can be replaced with commercial imports paid for by foreign exchange earned by exports of both agricultural and non-agricultural products.*

*Food security does not mean **food self-sufficiency**. Since most foods can be traded internationally, national self-sufficiency only makes sense when a country has a comparative advantage in producing them. In addition, food security is achieved only when all households have the ability to buy food. In fact, empirical studies tend to confirm that food self-sufficiency has no intrinsic value in eliminating chronic food insecurity. In some countries, excessive concern with food self-sufficiency has led to costly and uneconomic investments. The investments have tended to undermine, not only per capita income growth, but also food self-sufficiency itself, by diverting resources from otherwise productive uses (USAID, 1997).*

The strategy’s main recommendations emphasized: the geographic concentration of assistance to create sufficient impact to reduce food insecurity, primarily through the creation of jobs; and a focus on secondary cities, including complementary investments in rural roads which will boost the flow of trade and food, stimulating job creation in the hinterlands of the secondary cities.

Since the development of that strategy, USAID activities on food security in Haiti have looked for ways to boost income generation, often based on market-driven agricultural models for improving yields and income while improving environmental protection. USAID also seeks to

boost revenue through rural activities such as food processing, handicrafts, animal husbandry and the like. USAID calculates that its activities in rural areas reach 750,000 people, about one-tenth of the population.

USAID admits that other donors perceive USAID's strategy, focused on the private sector, as a short-term necessity, while the capacity of the central ministries is being built (1998b). USAID's private sector strategy team found that the major constraints facing private sector development in Haiti can be summed up by the five "I's": Insecurity; Infrastructure deficiencies; Isolation from markets, technology and information; Inaction (by the GOH); and Institutional incapacity. The general climate of personal insecurity and political uncertainty was deemed to deter investment. The deficiencies in transport, telecommunications, energy and other infrastructure adds to costs and reduces incentives to invest. The team's strategy called for increasing productivity, niche markets, and improvement in the capacity of human resources (USAID, 1998c).

## **The EU**

In the mid-1990s, the EU launched a major reform of the objectives, principles and instruments in its program of foreign assistance related to food aid and food security. The new policies and management practices have three broad orientations: the reinforcement of the partnership with the beneficiary countries; the flexibility to adjust to the specificity and dynamics of food insecurity situations; and integration with development cooperation policies (RESAL/Brussels, 1998).

The intersectoral nature of the new EU approach is reflected in Article 5 of Regulation N°1292/96:

*Actions supporting food security are financial and technical actions aiming for a sustainable long-term improvement in food security and contributing notably to the financing of:*

- ✎ the supply of seeds, tools and essential inputs for food production,*
- ✎ credit support operations, in particular for women,*
- ✎ operations for supplying potable water to the population,*
- ✎ stock-holding operations at appropriate levels,*
- ✎ operations related to the marketing, transport, distribution or processing of agriculture and food products,*
- ✎ private sector support for the development of commercial channels at the national, regional and international level,*
- ✎ applied research and training in-country,*
- ✎ food production projects respecting the environment,*
- ✎ extension, technical assistance and training activities in-country, notably for women and producer and labor organizations,*
- ✎ support operations benefiting women and producer organizations,*
- ✎ projects for the production of inputs based on the beneficiary country's own primary and component materials,*
- ✎ support activities for local food aid structures, including training on site.<sup>6</sup>*

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<sup>6</sup> Translated from the French version. May differ slightly from the official English version.

The EU has been providing food aid to Haiti since 1968, with 1988 marking the formulation of the first program of direct assistance to the Haitian government. The broad outlines of EU policies in Haiti can be found in the 1996 *Document on Food Security Strategy in Haiti*. In 1997, an information bulletin laid out the EU's strategic orientation: a reduction in the EU's in-kind donations in favor of direct financial transfers to the GOH; limiting as much as possible the risks of local market disruption from food aid; and promoting integrated programs for food security oriented towards economic development.

Compared with the U.S., the EU has a strong focus on institution-building within the public sector in Haiti. This is in accord with the broader EU philosophy that "the social disease of food insecurity cannot be eradicated solely by targeted efforts at poverty alleviation. It will be endemic as long as the macro-economic policy environment is unhealthy" (*Courrier de la Planète*, 1998).

By engaging with the GOH and providing substantial direct financial support,<sup>7</sup> the EU has considerable access to make its views known within the public sector. An EU official sits within each of the three ministries receiving support under the EU's food security budget envelope (i.e. health, education and agriculture), and also participates in the sectoral minister's cabinet meetings.

### ***RESAL (European Food Security Network)***

Formed in 1998 under the Rural Development and Food Security Unit of the European Commission's Development Directorate, RESAL is active in 19 countries. All are characterized by low income, strong food dependency and high food insecurity and are engaged in long-term food security strategies (RESAL/Brussels, 1998). The network's objective is to improve the capacity to respond to food crises, to adapt better to a diverse range of situations and to reinforce the coordination between different partners. RESAL does not distribute EU food aid or food security assistance; rather it contributes to improving the effectiveness of EU aid through policy and market analysis and support for the dialogue regarding long- and short-term strategies.

The RESAL/Haiti mission is to support the definition of a food security strategy with the GOH and to reinforce "the coherence of" the aid and food security activities of the European Commission in Haiti. One RESAL official sees the group's work as an "intellectual investment" towards greater food security. To date, RESAL has worked to increase the quality and availability of information and analysis related to agriculture and food markets in Haiti. For example, RESAL collects price data at the regional level (producer and consumer price of cereal and peas) through a network of 5 'collectors', undertaking analyses to identify market efficiency for these products. RESAL also studied the EU's school feeding programs in operation, publishing a technical paper in June 1999. Most recently, RESAL has published analytical work on agricultural credit and on CARICOM (RESAL/Haiti, 2000). Other activities include the construction of a food security database, quarterly analysis of the food security situation, and

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<sup>7</sup> For example, the EU is the only source of balance-of-payments support for the GOH at the present time, although this does not fall under the food security budget envelope.

technical support for effective implementation of the EU's food security program (training and evaluation).

When the EU was interested in developing the capacity for local purchases, RESAL studied the possibility for local purchasing of cereals (corn, rice) and legumes (peas, beans). A representative of the CECI project reported on that NGO's experience of local purchasing in Haiti at the March 2000 CNSA/RESAL Seminar on Food Security, reporting that it was indeed possible in a limited way under certain conditions (in particular, permitting farmer groups or traders to make relatively small deliveries).

### ***Different Visions of the Role of the State***

In Haiti as elsewhere, close examination of U.S. and EU policies often manifests fundamentally different visions of the role of the State. The tenor of the debate can be summarized thusly:

“The choice of public action also depends on the functions the State decides to fulfill, either unilaterally or by negotiation with the donors. Is the trend towards a lean State, provider of information and economic signals, with the basic function of reducing information costs for economic agents and guaranteeing fair rights? In that case, food security strategy will be part of macro-economic stabilisation policy. It will also seek to develop market mechanisms. The State's task will be to improve information systems so as to reduce market failure and guarantee property rights. The quest for greater social justice is left to aid programmes targeted on the most vulnerable groups, mainly in the form of food aid managed by NGOs. Or is the intention to have a State that constructs a long-term strategy and provides a set of public goods considered to be essential for growth? In this case, public action is more extensive. It will aim to correct long-term disparities between social costs and private costs by using a variety of tools, from investment to market regulation and the development of institutions” (*Courrier de la Planète*, 1998).

This broad-brush characterization of a leaner versus more interventionist State is very relevant to the areas of contention around food security in Haiti, with the U.S. generally leaning more towards the former and the EU towards the latter.

## **VI. Food Aid Programs**

Food aid is an essential part of the diets and livelihoods of a large proportion of the Haitian population. RESAL estimates that in-kind deliveries of food aid make up about 5% of the estimated food needs of the population. In any given year, cereals and legumes account for about 97% of the in-kind aid, with the U.S. typically providing about three quarters of the in-kind food aid.

But donor policies on food aid have evolved a great deal in recent years, to the point where in-kind food aid given for free to the hungry is no longer the norm. There have been important changes in the distribution system, since nowadays, it is usually not the donor actually distributing the food, but more often an intermediary such as an NGO. There have also been changes in approach, as food aid can now be seen as promoting a range of measures to enhance food security.

Food aid has also evolved beyond the classic image of responding to emergency situations, as a day-to-day shield against famine. Neither the U.S. nor the EU has given emergency food aid to Haiti in recent years, although some donations in the wake of Hurricane George in 1998 may fall under that category.

### ***Definitions of Food Aid Modalities and Monetization***

Much as the common food security framework described in Section IV facilitates discussion between the U.S. and the EU by providing a common set of concepts and terms, the same is true for discussing the modalities of food aid and monetization. Here are some key terms, drawn more or less equally from the U.S. and EU programmatic language:

- ✍ *Direct food aid* is administered by the donor, although government-to-government transfer of food falls under this definition.
- ✍ *Indirect aid* means that intermediary groups, such as NGOs, are involved in the actual distribution of food.
- ✍ *In-kind aid* (usually referred to as “*aide en nature*” in French) refers to the transfer of the food product itself from the U.S. or EU to Haiti.
- ✍ *Cash transfers* (often referred to as “*les fonds cash*” in French) refer to money given as budget support to the government or to an intermediary group for the purposes of carrying out policies related to food security.
- ✍ *Monetization* in the broadest sense refers to enabling the Haitian government or NGOs to use currency funds, whether local or foreign, to carry out policies related to food security. The broad definition offered here encompasses both donors’ programs. But in reality, the U.S. and the EU operate under different definitions of the word “monetization.” In the strictest philological sense, the verb “to monetize” implies the transformation of something (the agricultural commodity) into money. That is the meaning of the term when used by USAID, which brings commodities into Haiti and arranges with the government or NGOs to sell them to raise counterpart funds in local currency (for details, see below). One could reason that the EU’s *food aid program* over time was monetized, but the actual transfers under the EU’s *fonds cash* never undergo a transformation from commodity to money. However, for the sake of simplicity, and because the EU refers to its *fonds cash* as “monetized food aid,” the broader definition is offered here.
- ✍ *Food-for-Work* (“*travail contre alimentation*”) refers to offering food in return for participation in labor-intensive public works projects.
- ✍ *Local purchasing* refers to the buying of locally-produced food by the donor, or, more frequently via cash transfers to the government or an intermediary. The locally-purchased

food may then be distributed via direct or indirect means, or through an arrangement such as food-for-work.

## **USAID and USDA Programs**

U.S. programs for food aid in Haiti are run by USAID and USDA. Under P.L. 480, the long-standing U.S. law on foreign food donations, Haiti receives substantial in-kind food aid transfers under Titles II and III, with a small quantity distributed under Food for Progress recently (this can involve Title I, Section 416b, or Regulation 216 programs).

The largest part of the U.S. food aid program in Haiti falls under Title II of P.L. 480, with several different social, health, nutritional and educational programs in operation. Title II allocations for Haiti have been worth \$30 million annually in recent years. Under Title II, U.S. commodities are shipped to Haiti, where they are then either transferred to NGOs for indirect in-kind programs or sold by NGOs to raise local currency funds to run programs related to food security (monetization *strictu sensu*). The NGOs, called Cooperating Sponsors, usually receive some funding from a separate budget in Washington for some of their operating costs. The guiding outlines for the activities of each Cooperating Sponsor form part of the Development Assistance Proposal (DAP) worked out with USAID, although the exact plan of activities is determined annually.

During Fiscal Year 2000, USAID/Haiti is operating 5 different types of in-kind indirect aid programs under Title II:

- ✍ School feeding programs<sup>8</sup> providing 13,400 tons of lentils, soy-fortified bulghur and vegetable oil worth \$5.4 million to 1,900 schools and 480,000 students.
- ✍ Maternal and child health programs<sup>9</sup> providing 4,100 tons of lentils, soy-fortified bulghur wheat flour, vegetable oil<sup>10</sup> and soybeans worth \$2.2 million.<sup>11</sup>
- ✍ Food-for-work programs transferring 1,600 tons of soy-fortified bulgur, vegetable oil and pinto beans worth \$748,000.
- ✍ General relief programs<sup>12</sup> on prevention of tuberculosis and AIDS providing 1,200 tons of lentils, soy-fortified bulgur, vegetable oil, and soybeans worth \$537,000.
- ✍ 45,000 tons of wheat worth \$11.9 million is being monetized on local markets, with the funds used for programs related to food security.

Under another relatively small Title II program, USAID's Bureau for Humanitarian Response/Office of Private and Voluntary Cooperation in Washington implemented seven farmer-to-farmer assignments in Haiti during FY1999. The Farmer-to-Farmer program is unusual for Title II in that it is not a direct food aid program, but instead a short-term technical

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<sup>8</sup> Sometimes called Food for Education.

<sup>9</sup> Including assistance to pregnant and lactating women and growth monitoring of children up to age 5.

<sup>10</sup> All U.S. donations of vegetable oil are now enriched with Vitamin A.

<sup>11</sup> Including ocean freight.

<sup>12</sup> Including prevention of tuberculosis and AIDS, as well as support for hospitals, institutions and orphanages.

assistance program aiming to improve production, marketing and distribution of agricultural commodities.

There is no requirement for monetization of Title II commodities, and in practice, monetizing Title II food aid often raises the degree of difficulty in implementing a particular program. When U.S. commodities are monetized, the intention is to garner as much local currency as possible for implementation of the actual program. Therefore, U.S. commodities monetized in local markets are generally sold at prevailing market prices, which is not the case for EU monetization. Sometimes, partial monetization is carried out, with the proceeds helping defray the actual costs of distribution.

Title II food aid monetization has two objectives: to enhance food security and to be used by a cooperating sponsor to generate foreign currency to support development activities. Specifically, it is USAID's policy that foreign currency generated from monetization must be programmed to support the objectives of increased agricultural productivity and improved household nutrition. The cooperating sponsor must prepare a Bellmon Assessment<sup>13</sup> to establish that: a) adequate storage facilities are available in the recipient country, and b) "the distribution of the commodities in the recipient country will not result in a substantial disincentive to or interference with domestic production or marketing in that country." Sales of U.S. commodities, such as through monetization, must not disrupt commercial sales. There are requirements related to the minimum levels of U.S. food aid that must be a processed agricultural product, or have been bagged in the U.S.

USAID's *Monetization Field Manual* (USAID, 1998a) details good practice procedures for enhancing the effect of monetization on food security, such as detailed market analysis *a priori*: "Commodities that are eaten primarily by the poor may be marketed in a significantly different manner than those purchased by the wealthier population. Urban and rural markets may also be organized in different manners as might those for particular commodities. It is important to know how the market for the particular commodity being monetized is organized and how the monetization might potentially enhance food security through developing that market."

Title III is another important part of the U.S. package of food aid interventions, with the objective of combating malnutrition and improving food security. Until 1987, Title III in Haiti involved long-term concessional loans to the government, which would in fact purchase the commodities from the U.S. Starting with the 1990 Farm Bill, Title III resumed as an outright grant. Title III was interrupted in Haiti during the embargo years 1991-94.

Under Title III, USAID has been transferring about \$10 million a year in wheat and wheat flour to the GOH's Office of Title III Monetization within the Ministry of Planning. The GOH then sells the wheat products at auction, using the proceeds to rehabilitate productive infrastructure, especially ports, roads, and irrigation systems for oases in the Northwest region. Title III conditionality for many years required the GOH to engage the private sector in evaluation of the potential for private sector ownership of ports and public utilities. The current conditionality related to Title III involves adoption of the Sidonia customs evaluation method. As of 1997,

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<sup>13</sup> Named after the sponsoring U.S. congressman.

Title III has been run as a multi-year program, with \$6 million in residual funding at the time of writing.

For several years, wheat flour was being transferred under Title III since the state-owned flour mill in Port-au-Prince was not operational. Once the flour mill was privatized at the beginning of 1999, initially wheat flour was being sold by the GOH to the mill, most likely so the operators could develop their marketing channels. By mid-1999, the flour mill began to receive shipments of wheat itself, capturing the value-added in Haiti and creating 200-300 jobs and boosting the bagging industry by 10 percent with the new demand for 2 million bags. In Fiscal Year 1999, Haiti accounted for 46 percent of USAID's total Title III transfers, with 65,000 tons of wheat and wheat flour worth \$10 million. Recent indications are that Title III will be discontinued following Fiscal Year 2000. If that is the case, USAID/Haiti will likely seek to increase transfers under Section 416b, or even under Title I, which has not been prominent in Haiti for quite some time although it was the main food aid instrument in Haiti until 1984.

Procedural requirements for Title III monetization are similar to the Bellmon Determination, as the USAID mission must provide a Usual Marketing Requirements analysis that the food transfer is not disruptive to local markets.

While USAID operates the bulk of the U.S. food aid programs, there are some in-kind indirect aid programs implemented by the U.S. Department of Agriculture. In FY1999, these programs entailed:

- ✍ Under the Section 416b program, USDA transferred 2,100 tons of wheat flour. Section 416b is a transfer to governments or NGOs out of U.S. government stocks, or on occasion, through purchases from the U.S. market.
- ✍ Under the Food for Progress program,<sup>14</sup> USDA transferred 3,900 tons of pinto beans worth \$1.5 million. Food for Progress provides transfers to developing countries engaged in economic reforms to expand private sector agriculture. In the case of Haiti, this was part of the Hurricane George relief effort.

USAID's Center for Development Information and Evaluation (CDIE) has completed a country impact evaluation of U.S. emergency food assistance in Haiti. CDIE's analysis, which detailed the negative effects on the most vulnerable and food insecure populations in Haiti during the 1991-94 embargo period, found that U.S. food aid played an important role in the years of recovery since. Additionally, CDIE found that USAID food-for-work projects facilitated the recapitalization of rural areas through agricultural amenities such as tools, seeds, and other inputs. One interesting question is whether CDIE was aware of the CNSA's findings regarding food-for-work discussed in Section V (see CNSA, 1999a).

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<sup>14</sup> In this case, Title I was the mechanism used, although Food for Progress can also make use of Section 416b or Regulation 216 for in-kind transfers.

## **European Commission Programs**

*Food aid in kind should only be a means to help in emergency situations, when no food can be procured on the local market, and not as a device for surplus disposal or of government revenue in recipient countries. (Courrier de la Planète, 1998).*

The European Commission has a specific budget envelope allocated for food security, implemented in-country by its Delegation or diplomatic representative. It is roughly as if the U.S. Embassy were responsible for U.S. food aid programs, rather than a distinct development agency operating in-country in the fashion of USAID. This leads to a definite leanness in terms of Commission personnel in-country, whence the advent of RESAL to assist with market analysis and strategy.

In the mid-1990s, the EU food aid policies in Haiti relied on indirect in-kind transfers. There were three principal areas of operation:

- ✍ Social programs for asylums, hospitals, prisons, and orphanages,
- ✍ Health programs for nutritional centers and recuperative nutritional purposes,
- ✍ School feeding programs.

In recent years, the EU has effected a fundamental change in its food aid programs, aiming to reduce and even eliminate its in-kind indirect aid. For the EU, *“l’aide indirecte en nature doit être limitée au plus stricte nécessaire”* (Delegation of the European Commission, 1997).<sup>15</sup> An information bulletin issued by the EU Delegation in Haiti in mid-1997 explains this evolution in terms of three principal factors: a noted failure of classic food aid; sometimes greater negative effects than positive effects from in-kind aid; and the reduction of the world’s agricultural surpluses along with reform of agricultural support policies in Europe and the U.S. A particularly revealing look into the EU’s rather strident point of view at the time can be seen in this quote:

*“L’aide alimentaire classique, qui vise à distribuer des aliments, ne contribue guère au renforcement de la sécurité alimentaire. Elle ne permet dans le meilleur des cas qu’une amélioration de la disponibilité globale en aliments, sans s’interroger suffisamment sur l’accessibilité des ménages à cette ressource ou à sa stabilité, et sans s’attaquer aux causes profondes d’une disponibilité insuffisante”* (Delegation of the European Commission, 1997).<sup>16</sup>

The EU was intending to eliminate in-kind food aid in Haiti within three years, i.e. in 2000, beginning with the social programs. The intent expressed at the time was to prepare for the

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<sup>15</sup> “Indirect aid in kind must be limited to amounts that are strictly necessary.”

<sup>16</sup> “Classic food aid, which seeks to distribute food products, scarcely contributes to the reinforcement of food security. In the best of cases, it only permits an improvement in the global availability of food, without sufficient reflection on the access of households to this resource or on its stability, and without attacking the deep-rooted causes of insufficient availability.”

eventual take-over by the Haitian government of such programs as school feeding and nutrition centers. By switching to cash transfers, the EU hoped to limit to the maximum extent the risk of local market disruption from in-kind transfers.

There has indeed been a sharp reduction in the share of EU in-kind food aid, with about three-quarters of EU food aid to Haiti now given as cash transfers (or “monetized” according to the broader definition). But it is unlikely that the EU will move fully away from in-kind aid in Haiti anytime soon, due to the lack of sufficient food availability for conducting local purchases. The EU officials interviewed for this study expressed the view that, now, three years later, they would in fact like to be able to receive greater quantities of in-kind food aid than at present, but face considerable resistance from Brussels.

From 1990 to 1994, the EU budget for food security and food aid in Haiti totaled 42.6 million ECU. From 1995 to 1998, the EU programmed 51 million ECU under the Commission’s envelope for food security and food aid. With EU funding, there is often the possibility to carry over unexpended funds from one year to the next, which is not usually the case with U.S. funding. As a result, there were sufficient funds left over, 10 million ECU, so that no EU budget allocation for 1999 was necessary.

In its budget breakdown of the 1995-98 program, the EU distinguishes between direct aid (cash transfers to the government, FAO, or an NGO) of 33.08 million ECU and indirect aid (mostly in-kind indirect aid) of 18.23 million ECU.<sup>17</sup> Thus, about two-thirds of the EU food security/food aid envelope is decoupled from in-kind transfers. Outside of these two categories, 390,000 ECU are allocated in support for RESAL, administered through the Belgian NGO private consultant Cie ADE.

Here is a breakdown of the different categories of EU direct aid from 1995-98:

- ✍ 19.15 million ECU in budgetary support for the GOH.<sup>18</sup> These cash transfers have paid for a substantial portion of the non-wage expenses of the ministries of agriculture, education, and health. The EU imposes conditionalities on receipt of these *fonds cash*.
- ✍ 11.21 million ECU went to support the program of agricultural input subsidies implemented by the FAO. These input subsidies are estimated to reduce by 50-60 percent the cost of seeds for corn, beans and sorghum and by 30-36 percent the cost of rice seed. It should be noted that a program for improving food security in high-risk zones is also included as a minority share of spending under this line.
- ✍ 1.7 million ECU in project aid (cash transfers) went to support the CNSA.
- ✍ A sum of 1 million ECU went to support credit programs, across two programs. A total of 600,000 ECU went to the NGOs BCA/CCG for implementation of the Artibonite credit program. Another 400,000 ECU originally budgeted for a pilot program to establish a rural

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<sup>17</sup> To the extent possible, the definitions in parentheses attempt to correspond to the definitions offered earlier in Section VIII.

<sup>18</sup> Regarding the EU’s cash transfers to the Haitian government, CNSA echoed the discussion at the beginning of this Section on the definition of monetization: “*Il ne s’agit donc pas à proprement parler d’une aide alimentaire, mais les ressources budgétaires mobilisées pour ces projets sont celles de l’aide alimentaire européenne.*” [translation: “It is not, properly speaking, a question of food aid, but of the budget resources mobilized for these projects which are those of the European food aid program.”]

development fund was reprogrammed to support development of the national rural credit program.

As for the EU's indirect aid from 1995-98:

- ✍ 14.33 million ECU went towards the free distribution of food by the NGO Bureau of Nutrition and Development (BND), as in-kind indirect aid.<sup>19</sup> BND's program is now nearly primarily oriented towards school feeding programs (277 schools benefiting 120,000 students) and nutritional centers.
- ✍ 3.9 million ECU was programmed under the "*Guichet ONG*" (NGO Window) for distribution to 6 NGOs in support of food security projects. However, as of early 2000, this funding had yet to be tapped. The EU is developing the work program for NGOs under this specific budget line, clarifying the rules and procedures for coherent food security actions.

Policies on food aid, and on foreign aid more generally, are a domain in which the European Commission and the 15 EU Member States have *shared competence*, which means that responsibility for food aid has not been entirely shifted to the supranational structure, as is the case with most aspects of agricultural trade policy under Article 113 of the 1957 Treaty of Rome. Thus, there is both a common EU-15 program, operated by the Commission's food security budget envelope, as well as aid programs run by individual EU Member States. In Haiti, France is the most prominent bilateral EU donor, shipping about 5,000 tons of yellow corn every year. Germany is the other EU Member State involved in food aid in Haiti in recent years, having provided food-for-work through the NGO AgroAction Allemande. As the U.S.-EU New Transatlantic Agenda relates to those areas in which the EU itself has competence, the terms of reference for this study did not include analysis of bilateral programs run by EU Member States. France's program involves in-kind transfers, either through purchases off France's domestic market or purchased out of EU intervention stocks held by the French authorities under the EU's Common Agricultural Policy. It is evident that not all EU Member States embraced the philosophy behind untying the links between domestic agricultural surpluses and food aid. Perhaps this is an area where the policy coherence between the EU and its Member States can be improved, as required under Article 130J of the 1992 Maastricht Treaty on European Union.

## VII. Agricultural Development Programs

There are some rather deep-rooted differences in philosophy when it comes to support for agricultural production in Haiti, which relate to the second plank of the food security framework, availability. Both approaches have their merits, although neither will solve food insecurity in Haiti on its own. Therefore, at the present time, the combination of the two may in fact be an appropriate strategy for promoting food security in Haiti.

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<sup>19</sup> Note that one component of this, 3.9 million ECU for 1997, is an estimate of the amount budgeted for indirect in-kind food aid, which was slow in developing but could carry over (Delegation of the European Commission, 1998b).

## **USAID Programs**

“Agriculture will remain a significant sector of the economy even though it cannot be looked to as a lead engine for economic growth” (USAID, 1997).

Agricultural development programs fall under USAID/Haiti’s first Strategic Objective of “Sustainable Increased Income for the Poor,” focusing on the policy areas and institutions which directly affect the livelihood of the Haitian poor, i.e. micro-enterprise and agriculture activities and the linkages between aggregate demand and informal and agriculture sectors.

In particular, USAID seeks to increase the productivity of Haiti’s agriculture, since increased food productivity plays an important role in alleviating hunger and in broad-based economic growth. The U.S. supports adoption of improved crop varieties and soil and water conservation techniques, working in the watersheds around two secondary cities. As one official put it, USAID is encouraging Haitian farmers “to diversify away from environmentally-based to market-based livelihoods...to look not only at soil mechanics but at income mechanics.”

The U.S. programs focusing on exportable tree crops in the hillside areas seek to integrate Haiti into the global marketplace, where price competitiveness and product quality are paramount. In this way, USAID’s “business” approach encourages Haiti to focus on those crops in which it has a current or potential comparative advantage, such as coffee, mangoes, and other niche high-value products such as banana flour and dried immature sour oranges (*orangettes*). The U.S. provides agricultural loans to larger businesses for mango exporting, sisal processing, tomato processing, and fertilizer imports and to smaller businesses through village banks.

USAID implements the greater part of the U.S. agricultural development programs in Haiti, entailing expenditure of \$30 million in Fiscal Year 2000. USDA’s Animal Plant Health Inspection Service is also active in developing systems for exporters to meet U.S. sanitary and phytosanitary (SPS) standards for market entry, as well as finding ways to encourage value-added processing in Haiti.

From the U.S. perspective, *food availability* is more easily achievable through low-cost imports than through greater *food self-sufficiency* attained by higher-cost domestic production. With greater hard currency receipts from exports, Haitians will be able to better meet their food needs, whether from imports of staples such as rice or wheat products, or to buy local corn, sorghum, beans or other foods. For the U.S., it is logical for Haiti to take advantage of the security of supply offered by the international market for grains.

## **European Development Fund Programs**

According to EU officials in Haiti, differences between EU and U.S. programs on agricultural development in Haiti can be seen in terms of long-term versus short-term priorities. For example, the EU emphasizes agricultural structures, while the U.S. seeks to boost export earnings. To use language familiar to European integration, the situation represents agricultural

development *à deux vitesses* (at two speeds). The two sides use the same objectives, but arrive via different paths, with the U.S. promoting quick returns and the EU longer-term gains.

Administered by the European Commission, the EU's European Development Fund (or FED), a key incentive for Europe's African, Caribbean, Pacific (ACP) partners under the Lomé Convention provides grant funding for a variety of development purposes. The EU and the recipient country develop a 5-year National Indicative Program (or PIN in French), which lays out the priorities and programs. The PIN for Haiti under the 8<sup>th</sup> FED provides 148 million ECU over the period 1996-2000 covering sectors such as agriculture, road infrastructure, and governance. The PIN specifies the precise weight to be given to different activities, for example, under the PIN for the 8<sup>th</sup> FED, the EU and the GOH worked out that 30 percent should be spent on agriculture, 20 percent on governance, etc. There are two specific agriculture lines under the PIN, worth 41 million ECU:

- ✍ The Rural Development Program has a budget of 23 million ECU for activities in 3 departments, focusing on decentralization and such crops as mango and coffee. This program is similar to the U.S. agricultural development activities.
- ✍ A budget of 18 million ECU is for a program for the rehabilitation of irrigation structures in the northern area of La Tannerie.

Another agriculture-related facility under the Lomé Convention is STABEX (Stabilization of Export Earnings), which seeks to compensate for fluctuations in agricultural export earnings. Under STABEX' rather complex rules, Haiti has been eligible for compensation three times, specifically to compensate for the reduced value of coffee, cocoa and essential oils exports during the periods 1987-88 (54 million ECU), 1990-93 (57 million ECU), and 1994 (value not available). These sums have been invested in reducing the isolated nature of rural areas through road-building, since transportation shortcomings have been shown to hamper agricultural exports (Delegation of the European Commission, 1998a).

Combined with the agricultural support under the European Commission's food security envelope, the EU is thus helping Haitians to meet a greater part of their basic food needs through domestic production, even if the costs of production and marketing headaches make the market prices relatively higher than those for similar imported foods. In this regard, RESAL's work monitoring market prices is very useful for tracking whether imported products are providing sufficient competition to hurt domestic producers.

A further positive aspect of the EU's production-oriented approach is to reduce the need for Haiti to part with hard currency. While to some this may appear reminiscent of a "mercantilist" philosophy, it is nonetheless an important consideration for a country with frequent and serious balance of payments difficulties.

In the post-Uruguay Round era of liberalization of agricultural trade and reductions in domestic support policies in the U.S., EU and elsewhere, there is increased uncertainty regarding the stability of international commodity prices.<sup>20</sup> A greater share of food needs met by domestic

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<sup>20</sup> See the discussion on price instability on world markets and possible responses such as insurance funds in *Courrier de la Planète* (1998) and elsewhere.

production provides a measure of protection against price volatility internationally, although perhaps at the cost of taxing consumers in a country already suffering from insufficient economic access to food.

## **VIII. The Need to Improve Policy Coherence on Rice in Haiti**

The most critical area of divergence between the U.S. and EU in Haiti involves the sensitive topic of support for rice production and rice tariffs. The rice question involves the longer-term philosophical debate on the role of agricultural development in food security versus the role of imports in food availability.

Rice has become much more important to food security in Haiti over the past decade, with consumption growing strongly after 1990 when imports were liberalized and tariffs reduced. Consumer prices for rice dropped 30 percent from 1991 to 1996. Rice accounts for 11 percent of food spending for urban populations and 2 percent of rural compared with 6 percent and 3 percent respectively for wheat flour.

About two-thirds of rice consumed in Haiti is imported, with about 95 percent coming as commercial imports of U.S. and Vietnamese rice. In addition to the 3 percent tariff on rice, there are also minor charges for statistics and customs as well as a 10 percent value-added tax (*taxe sur le chiffre d'affaires*, or TCA) which is more reliably collected on imports than on domestic transactions. During the first 10 months of 1999, Haiti imported 164,000 tons of rice (RESAL/Haiti, 2000). There are small quantities of rice donated as food aid. This figure was likely a bit higher than in a “normal” year since a recent fungus outbreak reduced rice yields in Haiti by 20 percent.

Under the proposed tariff law, the EU supports raising the tariff on rice from 3 percent to 5 percent in order to provide greater protection for domestic Haitian production. The U.S. favors reducing the tariff on rice to zero. The U.S. has voiced concerns about the impacts of higher protection for domestic rice production on the welfare of poorer rice consumers, the redistribution of income from poorer rice consumers to relatively well-off rice producers, the efficiency of the Haitian economy in terms of resource allocation, and increased incentives for contraband. U.S. agricultural development programs are not active in the rice production areas, focusing instead on hillside areas where poverty and food insecurity are most severe, and where the best potential for increasing export earnings lies.

Examination of current EU programs does not include any price or income support specifically targeted to rice production. The EU package of interventions, whether under the Commission’s food security activities or as part of agricultural development programs financed by the European Development Fund, includes support for agricultural production structures (small-holder credit, input subsidies, and rehabilitation of irrigation systems) in the low-lying valleys of Haiti, where rice is produced.

Sixty percent of the EU credit program is allocated to the rice-growing Artibonite region, benefitting 1,000 rice producers in Artibonite (Delegation of the European Commission, 1998b). As for the input subsidies, rice production accounts for about half of the 26,000 tons of inputs used annually in Haiti (IRAM, 1998). RESAL reports that an FAO/EU study estimated the subsidy for rice seed at 30 to 36 percent (RESAL/Haiti, 1998).

The dynamic at work regarding rice is that increasing rice production (the EU approach) could in some years decrease commercial imports of rice from the U.S. Looked at in terms of policy coherence, the forthcoming *DAC Guidelines on Development Cooperation in Support of Poverty Reduction*<sup>21</sup> recommends that donors should strive whenever possible to improve the coherence between policies on trade and development so that the objectives of the former do not undermine the aims of the latter. In this case, some on the European side might say that U.S. export interests should not prevail over the best interests of development policy. But the dynamic on rice in Haiti is more complicated than that, and the locus of policy incoherence is far from certain. In a food-deficit country such as Haiti, it is often necessary to determine the equity tradeoffs between the welfare of consumers and that of producers.

Another important aspect about this debate is the role of the terms of trade between rural and urban areas in Haiti. As the level of food prices varies more or less together between the two areas in Haiti, reversing the cheap food policy of low prices for rice and other imported staples such as wheat would encourage higher incomes in rural areas. The potential benefits, according to this line of reasoning, would accrue to those selling their own production and to those working as agricultural laborers. Given the strong gap in income between rural and urban areas, if urban consumers pay more for food, rural income will grow relatively more quickly.

These divergences related to rice do not at the present time seem to hamper either sides' efforts at improving food security in Haiti, yet there is a lingering sense of unease, which, if openly discussed and resolved, would ameliorate the climate for U.S.-EU coordination in Haiti.<sup>22</sup>

Where does all of this lead? One is tempted to say that, in the future, greater food security for Haiti is likely to depend both on higher imports of rice (through higher incomes) and on higher domestic production (through increasing productivity). Recommendation Number Five is for further study of this question, preferably on a joint basis between the U.S. and the EU.

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<sup>21</sup> The Development Assistance Committee of the OECD intends to release this two-volume report by December 2000. The USAID consultant on this report is one of the principal authors of Volume Two on Policy Coherence of the *Guidelines*. Agricultural trade policy stands out as one of the priority areas for addressing policy incoherence in relation to poverty reduction and food security aims.

<sup>22</sup> It was hoped that the study on tariff issues and options (IRAM, 1998) and a proposed agricultural competitiveness study would provide the empirical data to resolve the differences between the U.S. and the EU regarding the tradeoffs between producer welfare and consumer welfare. This did not occur, and both sides basically agreed to disagree. As Recommendation Number Two suggests, a joint study at the present time may be a suitable way to arrive at a more comfortable co-existence regarding the trade-offs from alternative rice policies in Haiti.

## IX. Challenges Related to Haiti Integrating into CARICOM

“Haiti is a country utterly dependent on its trade relationships” (USAID, 1996).

A current issue that could lead to very tangible divergences between the U.S. and the EU in the near future involves Haiti’s full integration into the Caribbean Common Market (CARICOM). Much as with the rice question, changes in tariffs can entail changes in the relative competitiveness of domestic and imported agricultural products. What is troubling for the U.S. in particular is that CARICOM’s maximum agricultural tariff is 40 percent. As both the U.S. and the EU will be advising Haiti on how to respond to the challenges of full integration with CARICOM, including the level of tariffs, coordination during the remainder of 2000 on the changing policy incentives for agricultural development and food security could help avoid conflicts.

In July 1998, Haiti was admitted temporarily into CARICOM and was scheduled to become the 15<sup>th</sup> member of CARICOM as of January 1, 2000, although the Treaty of Chaguaramas still must be approved by the new parliament. In May 1998, Haiti agreed to apply CARICOM’s Common External Tariff (CET) as of 2000, so the immediacy of the need for U.S.-EU coordination is readily apparent.<sup>23</sup>

The application of the CET will take into account economic disparities between the CARICOM members, allowing for national exceptions lists. The Haitian authorities have thus obtained the suspension of the CET on certain sensitive products such as rice and sugar, which will have much lower tariffs (RESAL/Haiti, 2000).

The share of Haiti’s trade with Latin America has declined steadily over the last three decades, with increasing dependence on trade with the U.S. (USAID, 1996). Many of its soon-to-be CARICOM partners are in the same boat, so diversification of trade can have positive economic benefits, although Haiti’s CARICOM partners are not surplus producers of basic grains. For Haiti, regional integration can also address the negative consequences of the deliberate isolation practiced by former leaders, with the lingering effects on the Haitian psyche.

A 1998 World Bank paper points out that the CARICOM countries are continuing to follow policies similar to those abandoned by their Latin American neighbors in the 1980s and 1990s, characterized by “high and widely ranging tariffs, considerable use of quantitative restrictions, and of discretionary licensing, many discretionary exceptions both to who gets protection and who gets special treatment to get around restrictions.” As a result of these and other structural problems, the CARICOM countries have lagged almost two percentage points a year in growth behind the rest of the region.

Under Article 3 of the Treaty of Chaguaramas, Haiti will be admitted as a less-developed member of CARICOM, along with Guyana. One of the poorest, yes, but the biggest in terms of population, accounting for half of CARICOM’s human resources. According to an excellent

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<sup>23</sup> Given the long, slow history of the economic integration of CARICOM to date, as well as the difficulty in predicting time in any field related to Haiti, the U.S. and the EU may have more time than the “deadline” implies.

*fiche technique* (technical paper) published by RESAL, Haiti will be one of the net importers and have among the highest contributions of agriculture to GDP (RESAL/Haiti, 2000). Free trade within CARICOM could result in Haiti importing rice from Guyana and beans from Belize, but these are not necessarily cost-competitive suppliers. RESAL concluded that the short-term consequences for Haiti of regional economic integration with CARICOM will be relatively minor.

The 1998 IRAM study on tariff issues and options, which undertook several scenario modeling exercises related to Haiti joining CARICOM, concluded much the same thing as RESAL. At the time, CARICOM was demanding that Haiti apply border taxes and the value-added tax (*taxe sur le chiffre d'affaires*, or TCA) on wheat flour, which currently is exempt from both. Such a move would boost GOH revenues by \$5 million, to the detriment of consumers. The elimination of input subsidies, another CARICOM demand, would lower production of rice (by 3 percent), corn and peas (both 1 percent). The modeling scenarios resulted in an estimate that the poorest Haitians would experience a drop in purchasing power on the order of 6 percent for urban populations and 4 percent for rural. The recommendation of the study is to institute compensatory subsidies for consumers.

IRAM's analysis notes that the economic effects of Haiti's entry into CARICOM will depend principally on two factors: negotiations on the common external tariff, particularly the exceptions list; and the rural development aid Haiti receives from CARICOM in order to invest in agricultural production structures and to compensate the poorest consumers for higher prices due to increased tariffs. It is unclear how far along these negotiations have proceeded since 1998, although some determinations on the exceptions list appear to have been made.

Thinking strategically, the IRAM study further argues that by implementing the unilateral tariff reduction under the long-delayed proposed law described in Section III, "Haiti risks not having much to offer in negotiations" on full integration with CARICOM or with the eventual Free Trade Area of the Americas" (IRAM, 1998).

CARICOM itself will examine the issue of *regional food security* during the year 2000. With such a large share of the CARICOM population, and a food-insecure country itself, the subject of Haiti will undoubtedly figure prominently in CARICOM's analysis and response. Perhaps the U.S.-EU coordination of this issue, as per Recommendation Number Six, could form a central part of the CARICOM examination of regional food security.

## **X. Existing Mechanisms for Donor Coordination**

*Enhancing donor coordination can be thought of as a continuum that can expand to include information exchange, systematic division of labor, common policy and institutional frameworks, and a common process of performance monitoring at both macro-economic and sectoral levels...A successful donor coordination strategy in Haiti, as elsewhere, depends on a good flow of information between Washington and the field and a parallel dialogue in both the field and in Washington with key donors (USAID, 1998b).*

Beyond the CNSA, which is a natural locus for donor coordination, there exist various formal and informal modalities for the U.S. and the EU to work together on food security in Haiti. Here are some notable examples:

- ✍ The sectoral policy group of the Ministry of Agriculture regroups representatives of the different ministries and donors;
- ✍ USAID has organized donor retreats in the past;
- ✍ The primary NGO implementing the EU's in-kind food aid, the Bureau of Nutrition and Development (BND) regularly attends the meetings between USAID and the NGOs implementing its Title II program (CARE, CRS, ADRA);
- ✍ USAID, in the early stages of organizing a MECOVI poverty survey (similar to the World Bank's LSMS), has reached out to RESAL and other groups interested in participating in the analysis of the results;
- ✍ Analysis by the Delegation of the European Commission of the interesting experience of the micro-credit program PRET/DAI where several information-sharing meetings permitted the undertaking of certain activities in common (a seminar, a study of the legal framework of financial actors, etc.); and
- ✍ FAO and WFP is currently analyzing systems of agricultural production and potential by region, which could be a means of coordinating the U.S. and EU agricultural development programs.

There are several examples of effective coordination between the U.S. and the EU in Haiti. In 1997, the EU undertook the financing of two studies, one on the competitiveness of Haitian agricultural products and the other on tariff issues and options. USAID provided comments and suggestions on the terms of reference for each of these studies.<sup>24</sup> Another example relates to the school feeding programs run by the U.S. and the EU, who keep each other and the National School Feeding Program (*Programme National de Cantines Scolaires*) informed about the list of schools where activities are planned, in order to avoid duplication.

In its 1998 *Strategic Plan for Haiti, FY1999-2004*, USAID addressed donor coordination issues (USAID, 1998b), citing information exchange, division of labor, common frameworks and monitoring performance as critical aspects. USAID noted that, "to implement a poverty reduction strategy, we must maximize donor coordination, in the absence of a GOH coordinator to lead the way." Recommendation Number One is based upon the premise that the CNSA is an appropriate GOH coordinator for food security operations.

As in many other countries, coordination is hampered because both the U.S. and the EU operate large programs with relatively small numbers of staff. "Donor coordination is typically staff-intensive and can be particularly demanding on the time of senior staff" (USAID, 1998b). The limited size of the expatriate community in Haiti, where there are almost no tourists and very few foreign businessmen and women, may be a positive factor for donor coordination through enhanced personal relationships. The leanness of the donor bureaucracies in-country may even

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<sup>24</sup> The study on tariffs issues and options became the 1998 IRAM study. It is unclear if the competitiveness study was actually completed.

provide some centripetal force, bringing the responsible parties together out of self-interest in how to do their jobs better, rather than through a *fiat* by management to work with the other side.

A new opportunity for U.S.-EU coordination arises from the initiative by the two Bretton Woods organizations to orient their grants, loans and debt reliefs around country-led poverty reduction efforts. The IMF and the World Bank are in the process of helping Haiti to develop the Poverty Reduction Strategy Paper (PRSP), which will have direct operational links to the IMF's Poverty Reduction and Growth Facility (PRGF, formerly ESAF) and the World Bank's IDA assistance. The PRSP should be developed as much as possible under the leadership of the Haitian government, with significant participation by civil society and other donors such as the Inter-American Development Bank, FAO, and WFP. Recommendation Number Six of this study stipulates that the bilateral donors should endeavor to build their own poverty reduction and food security programs around the PRSP.

## **XI. Principal Conclusions**

The case of Haiti reveals a set of circumstances where coordination between the U.S. and the European Union is relatively successful, but limited to an exchange of information. There are probably fewer convergences than divergences in philosophy and approach, but the very weak nature of the public function in Haiti and the persistent severity of food insecurity results in a broad field for the two principal donors to operate. To date, coordination is better characterized by complementarity rather than synergy.

The foundation of the cooperation is the use of a common food security framework explained in terms of access, availability and utilization. As the Haitian government, specifically the CNSA, also bases its analysis and strategy on this definition of food security, the need for an approved National Food Security Plan is increased. In order to orient the GOH's *actions* around the food security framework, it is imperative to strengthen the CNSA. A stronger mandate for leadership in policy development and in the allocation of funds would permit the CNSA to integrate the sectoral ministries into a coherent approach to improving food security. The consultative function of the CNSA, foreseen as the meeting point for the donors and various elements of civil society, must be activated and supported.

A common diagnostic of the causes of food insecurity contributes to the relative lack of conflicts between the U.S. and the EU, even given their different packages of modalities for delivering development assistance. Both the U.S. and the EU have identified poverty as the principal cause of food insecurity in Haiti.

The analytical capability of the donors and the CNSA has been impressive in recent years, particularly the USAID's *Strategy for Improving Food Security in Haiti* and the series of reports and analysis by RESAL. The CNSA appears to be a responsible counterpart and an appropriate place for centralizing efforts to identify the food-insecure and develop effective responses. The CNSA has proposed a national information system for food security, including a comprehensive menu of indicators of access, availability and utilization. Before such a system can become

operational, significant holes must be filled in the areas of collection, analysis and dissemination. The EU is the major sponsor of the CNSA, but even without direct financial support, USAID could better integrate into the CNSA.

Economic access to food will depend on macroeconomic stabilization, substantial improvements in governance and the rule of law, and stimulation of investment and private sector development. There is a more or less effective division of labor in this regard, with the U.S. emphasizing private sector activities in support of food security and the EU acting as the only major donor to substantively engage the public sector. This situation might change soon, depending on the outcome of the parliamentary and presidential elections in Haiti. A stronger voice for the USG with the new GOH would probably bring the U.S. and the EU into closer contact regarding the public function, requiring closer coordination to minimize conflicts disruptive to achieving food security aims.

Availability of food is the area where U.S. and EU coordination needs the most work. Stemming from different philosophies about agricultural development and food security, commercial interests also come into play. It is possible that close inspection of the rice sector question will reveal that the fairly stark differences are relatively minor in terms of their impact on food security in Haiti. For a net food-importing country such as Haiti, with very low agricultural productivity, improving food security may likely involve, ultimately, both higher imports of rice and higher domestic production. Arriving at that type of win-win result would remove the most nagging barrier to improving U.S.-EU coordination.

The same type of divergence relates to the “cheap food policy” that Haiti has been operating for several years. From the U.S. perspective, *food availability* is best pursued—and fairer for the poorest, most food-insecure populations—through low-cost imports of basic grains. For the EU, Haiti’s food security depends on development of its rural avocation, best pursued through greater *food self-sufficiency*, even if attained through higher-cost domestic production with some border protection against competition from imports. From the EU perspective, Haiti needs to develop its productive capacity, or else it will remain at the mercy of international markets.

Haiti’s full integration with CARICOM could fundamentally change the economic orientation of the agriculture and food sectors. Significantly raising tariffs could boost domestic agricultural output, particularly in the long run, but could also be very harmful to the food security of the poorest populations, both in the long and short run. This is a complex issue, but analytical tools exist to weigh the tradeoffs between consumer and producer welfare. For a country with such grievous problems of governance, increasing the incentives for contraband makes little sense under any circumstances.

Improving biological utilization of food will require integrated efforts linking food security programs with those on population, health, education, infrastructure and other areas. The U.S. and the EU should make concerted efforts to coordinate their activities, with particular regard to the role of women in utilization and to addressing the effects on the most vulnerable groups such as children.

As for the modalities of food security programs, the divergences between the U.S. and the EU actually contribute to fairly effective coordination. Geographic specialization, such as in the school feeding programs, keeps the two donors from stepping on each others' feet. In many respects, there is more than enough "room" in Haiti for everyone's particular food aid program. The development professionals implementing the U.S. and the EU food security programs in Haiti expressed near-unanimous agreement that, in many ways, their hands are tied with regard to the type of program they may run. Programs, once approved in Washington and Brussels, often exhibit limited flexibility for practitioners in-country. To counter this, the donors have developed a multitude of modalities of intervention to respond to specific situations, yet the administrative structure slows the process and greatly reduces the flexibility of the tools available. Many of those involved commented that coordination with the other side's programs could provide the needed flexibility. Greater coordination and joint planning could yield synergies, for example in matching EU-sponsored local purchases with ongoing U.S. in-kind indirect aid.

Officials on both the EU and U.S. sides—although not on the Haitian side—expressed the viewpoint that some of the programs run by intermediaries (NGOs) have been around for so long in the same regions, they must not be sufficiently oriented towards providing for their own eventual obsolescence. This gets at the broader discussion of whether foreign assistance programs are simply "welfare" for the NGOs when they should be oriented around the "development" of the beneficiaries.

There are differences related to how the U.S. and the EU see the definition and relative merits of monetization. These differences are perhaps more interesting in theory than they are incompatible in practice. One interesting difference relates to the price at which monetized food aid is sold in local markets, with U.S. programs seeking to capture as much revenue as possible (thus, selling at prevailing market prices) and the EU offering an implicit subsidy to those buying the EU in-kind aid by selling slightly below market prices. One of the convergences on this topic is that both the U.S. and EU are finding it increasingly difficult to conduct 100 percent monetization, both because of the difficulty in monetizing food aid in-country and because in Haiti there is a need for more food.

Direct comparisons of levels of food aid and spending on agricultural development programs are somewhat difficult to derive, given the nature of each side's program. The EU in particular offers long-term budget allocations, with funds carrying over from one year to the next. While this is positive in terms of vision, in practice it can lead to delays in program execution, rendering comparisons somewhat onerous.

The key challenge for the future is to bring about a greater impact from the donors' programs through improving coordination. This is the rationale behind the Recommendations in Section XIV and the Suggestions in Annex A.

## **XII. Concrete Steps for Improving Coordination**

The following 8 points are potential areas of coordination in which the U.S. and the EU can take concrete actions in order to improve the effect of their policies and programs on food security in Haiti. Each point is meant to be a joint recommendation for both the U.S. and the EU to follow, although in certain circumstances the specific recommendation may entail greater changes from current policy for one donor versus the other:

- 1) Promote the re-drafting of Haiti's National Food Security Plan (NFSP), providing technical assistance to bolster the GOH's capacity if need be. In particular, the U.S. and the EU should, to the extent possible, program their own food security activities within the framework of the NFSP. The donors should attempt to make the process as participatory and inclusive as possible, taking specific steps to bring different elements of Haiti's civil society into the formulation of the goals and the evaluation of the results of the NFSP.
- 2) Help the CNSA to organize an annual seminar on food security in Haiti along the lines of that held in March 2000. This could address a rotating series of topics (the CNSA/RESAL seminar addressed the role of civil society in food security, development of a national information system for food security, and school feeding programs) as well as provide brief follow-ups on progress made in areas covered in previous years. This seminar would quickly become the focal point for coordination among the donors, the sectoral ministries of the GOH, and civil society. If possible, USAID should find the means to support this annual seminar, if not through financial support, then through active participation in the panels and conceptual development.
- 3) Strengthen the CNSA (*Coordination Nationale de la Sécurité Alimentaire*), including a stronger mandate for leadership across different sectoral areas. This should involve encouraging the activation and periodic meetings of the CISA (*Comité Interministérielle de la Sécurité Alimentaire*, or Interministerial Committee for Food Security). In addition, there should be strong efforts to consolidate the consultative function of the CNSA, regrouping civil society such as NGOs, socio-professional organizations, private sector associations, donors, international organizations and popular organizations. The U.S. and the EU should work with the CNSA to bring into existence and maintain the proposed national information system for food security, including an institutional analysis of which organizations have which mandate for data collection and service provision and which decision-makers need which specific series of information.
- 4) Support the income study being undertaken at the present time under the leadership of USAID. This MECOVI study, similar to a World Bank Living Standards Measurement Survey, will permit the group of donors, public institutions and civil society to deepen their understanding of income generation in rural and urban areas.
- 5) Organize a joint U.S.-EU-CNSA study on the question of rice in particular and on the interaction between agricultural development and food security in general. The study should

address tariff policies, commercial trade flows, the rice marketing system, instruments of support for rice production (both actual and potential), and equity interests of producer and consumer welfare. The study should be presented and its findings debated and discussed with Haiti's public sector, private sector and other interested elements of civil society at a Round Table under the auspices of the CNSA. The 1998 IRAM study provides a sound initial input for this work, but the new efforts would emphasize the collaborative nature of the work. A thorough airing of views would most likely lead to greater understanding of the complex web of interrelated issues involved. Experience shows that greater mutual understanding can enhance U.S.-EU coordination, with synergistic effects on food security in Haiti.

- 6) Undertake a joint U.S.-EU-CNSA study of the implications for food security of different Haitian policy alternatives in light of full integration with CARICOM. The study should build on the 1998 IRAM paper, *La Tarification des Principaux Produits Agricoles en République d'Haiti*, but should explicitly address the implications for U.S. and EU food aid and agricultural development policies, respectively. Appropriate government and civil society groups in Haiti should be invited to comment on the terms of reference and on initial drafts. Delivery of the study to CNSA should be followed up by: a) joint recommendations to the government of Haiti on areas of agreement, and b) explanation of each sides' respective position on areas of disagreement. The study and its findings should be debated and discussed in a public forum much as under Recommendation Number Two above.
- 7) Orient U.S. and EU actions in support of greater food security in Haiti around the Poverty Reduction Strategy Paper (PRSP) being developed by the IMF and the World Bank. The PRSP, which will have direct operational links to the IMF's Poverty Reduction and Growth Facility (PRGF) and the World Bank's IDA assistance, should be developed as much as possible under the leadership of the Haitian government, with significant participation by civil society and other donors such as the Inter-American Development Bank, FAO, and WFP. The U.S. and EU should target specific technical assistance to CNSA and the sectoral ministries in order to incorporate mutually agreed-upon objectives for access, availability and biological utilization of food into the PRSP. In that way, a harmonization of efforts will boost the effectiveness of U.S. and EU efforts on food security in Haiti.
- 8) As regards school feeding programs, the U.S. and the EU should engage in the study of several ideas arising from the March 2000 CNSA/RESAL seminar. Specifically, the joint work should investigate: the correlation between the sanitary and nutritional situation of the students and their academic performance; various alternative modalities, such as providing a meal every day to the family, or monthly rations based on the child's school attendance; the benefits of a standard ration for school feeding programs; the impact of school feeding on household budgets; the role of school feeding in the demand for education services, particularly as a means of bringing the educational system the 35 percent of school-age children who don't attend school.

Annex A contains a series of interesting suggestions for how to improve coordination between the U.S. and the EU in Haiti. For the most part, they derive from the consultant's interviews with U.S., EU, Haitian and other officials.

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## Annex A: Specific Suggestions for Improving U.S.-EU Coordination in Haiti Made by Interviewees

- ✍ Encourage the GOH to place responsibility with the marketing director of the office for bilateral monetization programs in the Ministry of Planning to review food aid needs on a quarterly basis and to alert the relevant actors if they need to depart from their established plans.
- ✍ In order to improve the macroeconomic situation, aggravated by egregious expenditure overruns out of sectoral ministers' discretionary accounts during the past 6 months, the U.S. and EU could develop a common approach for strengthening GOH budgetary controls.
- ✍ In their relations with the GOH, the U.S. and EU should adopt the World Bank/IMF message that privatization is a priority area for coordination, with improvements in private sector opportunity bearing significant gains for food security.
- ✍ In order to increase the degree of participatory democracy and good governance, considered essential for development of the proper enabling environment for improving economic access to food, the U.S. and EU should encourage the emergence of reform factions in the body politic.
- ✍ Much as U.N organizations have made presentations on education and health to the regularly-scheduled meetings of the consultative group of donors (World Bank, IMF, IDB), seeking to improve donor coordination, the U.S. and EU should seek to create a module on agriculture and food security.
- ✍ The U.S. and EU should both actively participate in the biweekly meetings of the group involved in in-kind indirect food transfers, specifically encouraging the National Program for School Feeding (*Programme National des Cantines Scolaires*, or PNCS) to participate. The PNCS should be encouraged to accept a coordinating role on school feeding, instead of remaining simply an executor of school feeding programs.
- ✍ Initiate a joint evaluation of the long-term impacts of the U.S. and EU programs for providing in-kind or monetized indirect aid.
- ✍ As coordination between the U.S. and the EU is hampered by the lack of longer-term framework agreements with the NGOs implementing their indirect aid, such longer-term plans should be formulated and shared with all concerned, including the CNSA.
- ✍ The U.S. and the EU should collaborate to find greater division of labor based on their programmatic constraints, for example, encouraging the EU to make local purchases when deemed appropriate, programming the specific activities (actual tonnages) in conjunction with U.S. plans.
- ✍ In programming agricultural development activities based on their respective interests, both the U.S. and the EU should incorporate the findings of the current FAO analysis on the systems of agricultural production and potential by region.
- ✍ The donors should work with FAO on a historical analysis identifying the factors leading to periods of food insecurity for vulnerable populations by region.
- ✍ Both the U.S. and the EU should encourage the CNSA to request FAO and WFP to implement a hunger early warning system in Haiti.
- ✍ The U.S. and EU should encourage the sectoral ministries (agriculture, education, health, planning, commerce) to actually loan staff to CNSA, such as on a year-long basis.

- ✍ The U.S. and the EU should abide as much as possible by the recommendations of the CNSA regarding good practices for aid programs, such as those issued in late 1999 for food-for-work.
- ✍ To the extent possible, the U.S. and EU should provide greater flexibility in assistance programs for CNSA, specifically, involving CNSA in elaboration of the terms of reference and, ideally, delegating the direction of the substantive work of consulting teams to CNSA.
- ✍ For programs of technical assistance to CNSA, the U.S. and the EU should place the highest priority on the transfer of know-how to the CNSA, with the objective being that the success of each technical assistance project should be judged by its ability to make itself increasingly unnecessary.
- ✍ The U.S. and the EU should encourage the involvement in food security matters of a greater number of decentralized groups, such as the Round Table on Concertation of the Northwest, to complement leadership from CNSA at the national level.